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IMPORT RELIEF DETERMINATION

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

NOTIFICATION OF HIS DECISION TO NOT GRANT IMPORT RELIEF FOR THE U.S. INDUSTRY PRODUCING CARBON AND ALLOY STEEL PRODUCTS, PURSUANT TO PUBLIC LAW 93-618, SECTION 203(b)

SEPTEMBER 18, 1984.—Referred to the Committee on Ways and Means and ordered to be printed

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THE WHITE HOUSE,
Washington, September 18, 1984.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: In accordance with Section 203(b)(1) of the Trade Act of 1974, I am transmitting this report to Congress setting forth the action I am taking pursuant to that section with respect to import relief for the U.S. industry producing carbon and alloy steel products, and the reasons for my decision.

Sincerely,

RONALD REAGAN.

IMPORT RELIEF—CARBON AND CERTAIN ALLOY STEEL

As required under Section 203(b)(1) of the Trade Act of 1974, I am transmitting this report to Congress setting forth the actions I will take with respect to carbon and certain alloy steel following the affirmative finding of the United States International Trade Commission (USITC) under Section 201(d) of the Trade Act. Since my action differs from that recommended by the USITC, I have included the reasons for my decision:

I have determined today, under Section 203 of the Trade Act, that import relief is not in the national economic interest for the following reasons:

1. In responding to this pressing import problem, we must do all we can to avoid protectionism, to keep our market open to free and fair competition, and to provide certainty of access for our trading partners. This Administration has repeatedly, and most recently at the London Economic Summit, committed itself to "resist continuing protectionist pressures, to reduce barriers to trade, and to make renewed efforts to liberalize and expand trade in manufactures, commodities and services."

2. It is not in the national economic interest to take actions which put at risk thousands of jobs in steel fabricating and other consuming industries or in the other sectors of the U.S. economy that might be affected by compensation or retaliation measures to which our trading partners would be entitled.

3. This Administration has already taken many steps to deal with the steel import problem. In 1982, a comprehensive arrangement restraining steel imports from the European Community was negotiated. This Administration has also conducted an unprecedented number of antidumping and countervailing duty investigations of steel imports, in most cases resulting in the imposition of duties or a negotiated settlement. In addition, the governments of Mexico and South Africa have unilaterally imposed voluntary restraint on exports, leading to the termination of unfair trade complaints.

However, I have decided to establish a government policy for the steel industry. I believe that this new policy is the best way to respond to the legitimate concerns of the domestic industry while maintaining access to our market for those who trade fairly.

The implementation of this new policy for the U.S. steel industry will be coordinated and directed by the United States Trade Representative and includes the following elements:

1. The United States Trade Representative will negotiate "surge control" arrangements or understandings and, where appropriate, suspension agreements with countries whose exports to the United States have increased significantly in recent years to the detriment of our national economy. He will negotiate additional such arrangements and understandings, if necessary, to control new surges of imports that

result from subsidizing, dumping or other unfair or restrictive trade practices during the next five years. If agreements cannot be reached to control new surges from countries that are guilty of unfair practices, the President will use his authority under the unfair trade laws including Section 301 of the Trade Act of 1974 to assure that these countries do not maintain unrestricted access to the United States market.

2. The United States Trade Representative will reaffirm existing measures with countries that have voluntarily restrained their exports to our market, and will take necessary steps to ensure the effectiveness of these measures. Specifically the Administration will support legislation in the Congress to make enforceable at our borders all voluntary agreements and "surge control" arrangements.

3. The United States Trade Representative will consult with our trading partners to seek the elimination of trade distortive and trade restraining practices in other markets to lead to the liberalization of steel trade around the world.

4. The Department of Commerce will continue to rigorously enforce our unfair trade laws. Further, the Department of Commerce and the United States Trade Representative will self-initiate unfair trade cases including anti-dumping, countervailing duty and Section 301 actions when appropriate.

5. The United States International Trade Commission will be asked to monitor the efforts of the steel industry to adjust and modernize, and to prepare an annual report for the President on those efforts.

6. The Secretary of Commerce will establish an interagency group to analyze all U.S. government domestic tax, regulatory and antitrust laws and policies which could hinder the ability of the steel industry to modernize.

7. The Secretary of Defense and the Federal Emergency Management Agency will analyze domestic steel plate rolling capacity in relationship to emergency needs, and to recommend to the President appropriate actions if deficiencies are found to exist.

8. The Secretary of Labor will work with State and local governments to develop a program to assist workers in communities adversely affected by steel imports.

9. The United States Trade Representative will closely monitor the trade elements of this policy and the resultant import trends and report them to the President on a quarterly basis.

The Administration's hope is that this combination of actions, taken without protectionist intention or effect would enable one of the United States' most basic and vital industries to return to a level playing field, one in which steel is traded on the basis of market forces, not government intervention, and one in which the market would seek a return to a more normal level of steel imports, or approximately 18.5 percent, excluding semi-finished steel.

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